

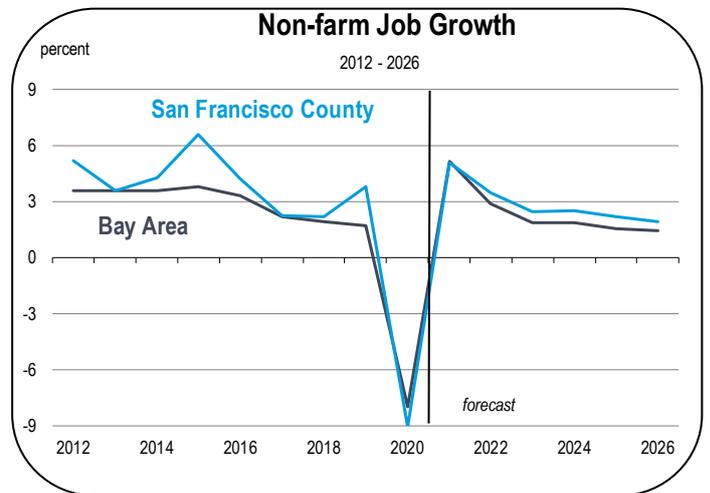
San Francisco County Economic Forecast

Forecast Summary

- On an annual average basis, 35,300 non-farm jobs will be restored in San Francisco County during 2021. A full labor market recovery is expected by 2023.
- Employment gains in 2021 will be largest in leisure services, which will recover 14,800 jobs. More than 5,000 jobs will also be regained in professional business services and retail trade in 2021.
- The unemployment rate averaged 7.9 percent in 2020. It is expected to average 5.4 percent in 2021.
- The San Francisco County population is expected to grow more slowly than the Bay Area average during the forecast period.
- Fewer homes, condos, and apartments will be built over the forecast period than were built during the previous five years, but there are many projects in the permitting process and housing production will ultimately keep pace with population growth.
- Home prices did not change substantially in 2020. Apartment rents declined sharply and vacancy rates for office space have more than quadrupled.
- Home prices are expected to rise by 5 percent in 2021 and 6 percent in 2022.

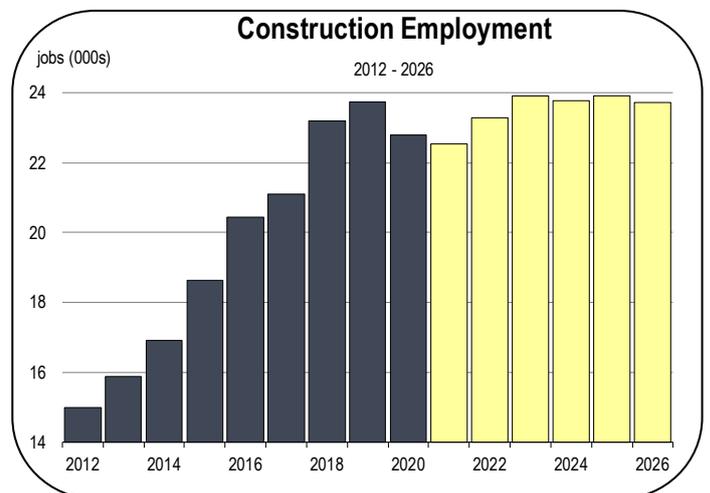
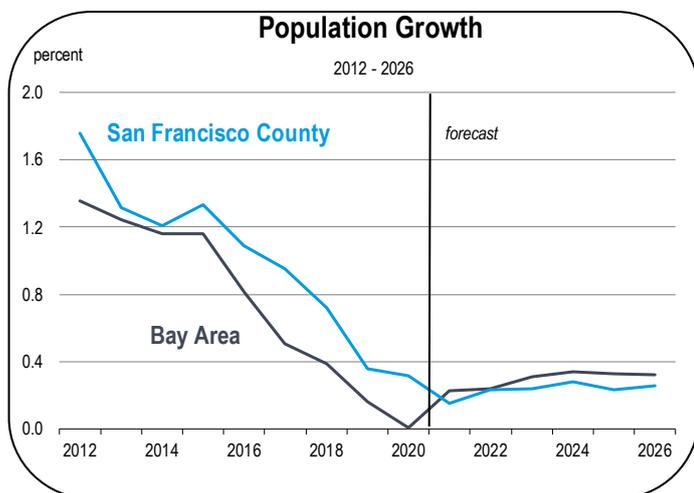
Job Growth

- Total employment in San Francisco County will expand by 5.1 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth in San Francisco County will average 2.5 percent per year.

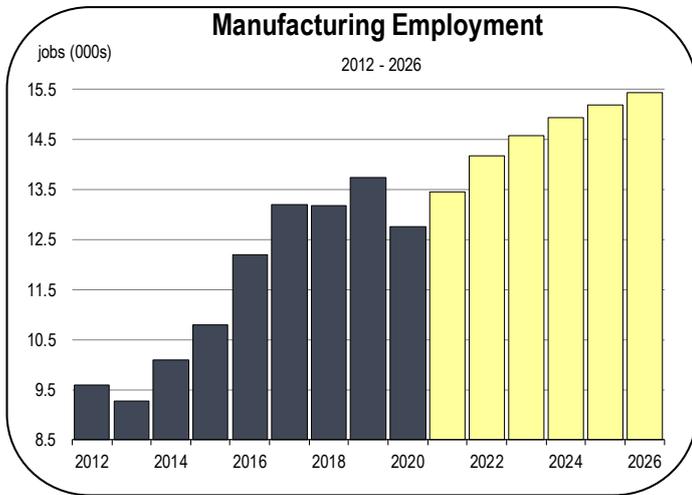


Construction Employment

- The Coronavirus Recession had a meaningful impact on the construction industry, with construction employment declining by 4 percent on an annual average basis.
- Construction employment is expected to return to pre-recession levels by 2023, but is not expected to expand substantially over the entire forecast period.
- It would be difficult for construction activity to exceed our expectations because the construction workforce will be fully employed by 2023 and construction firms would struggle to hire additional workers.



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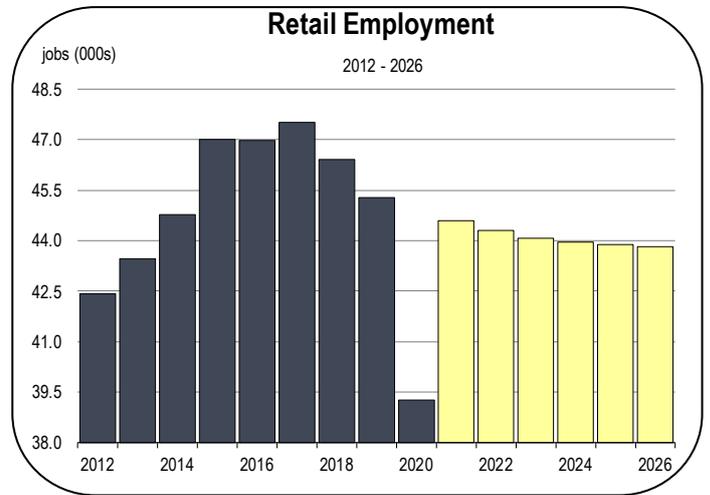
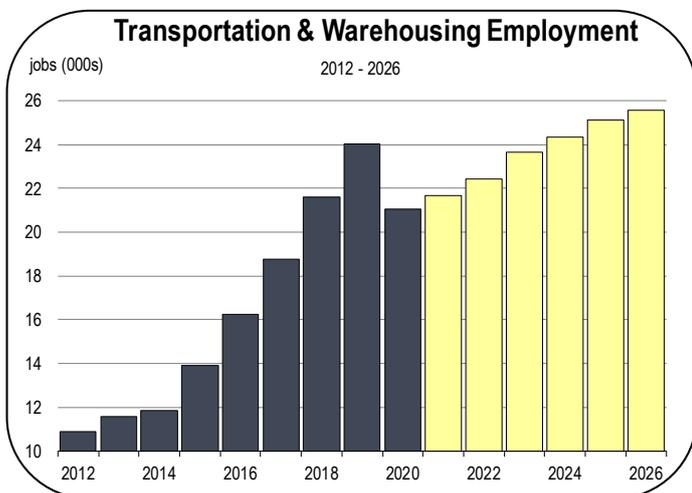


Manufacturing Employment

- Manufacturing employment declined by 7 percent during 2020, a loss of 1,000 jobs.
- A rebound has already begun and a full recovery is expected by 2022.

Transportation and Warehousing Employment

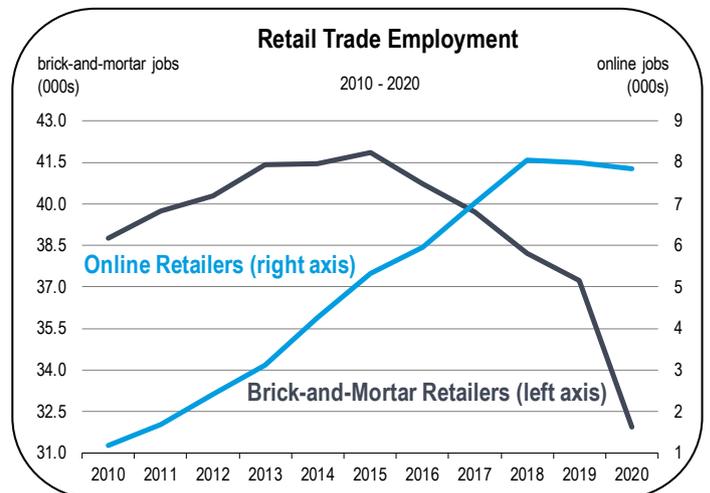
- Most transportation jobs in San Francisco County are in public transportation such as BART (the Bay Area's subway system) and Muni (buses, light rail, and streetcars).
- Some San Francisco transportation jobs are in delivery firms, like UPS and FedEx, and in sightseeing and tourist services.



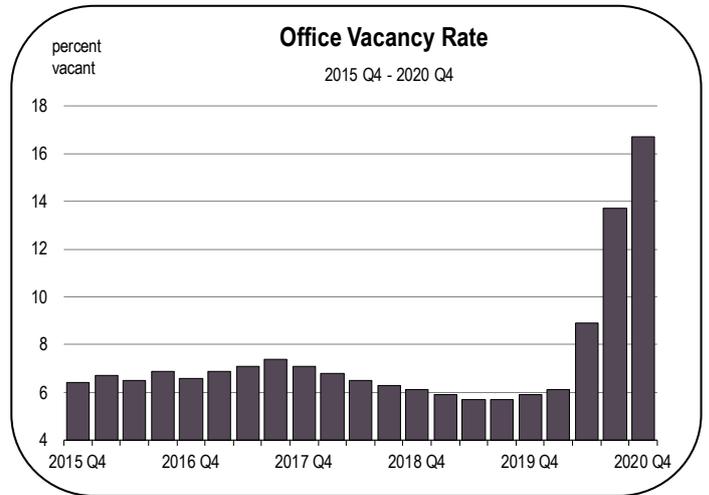
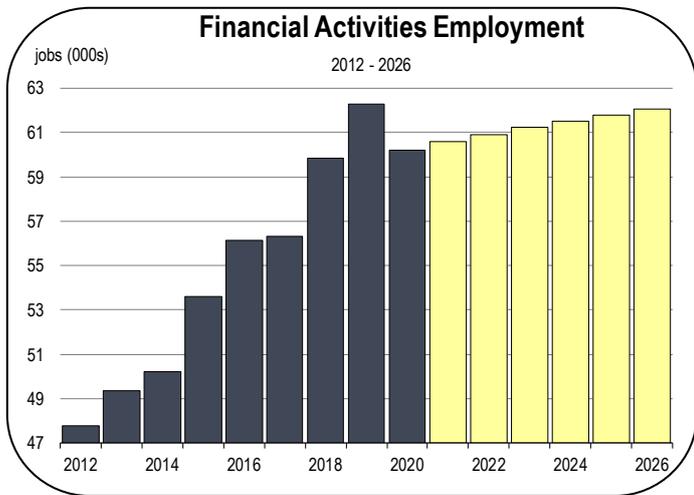
- BART decided not to lay off any employees in 2020. Instead, they offered early retirement incentives to employees eligible for retirement.
- Delivery firms expanded during 2020 in response to a surge in online shopping and direct-to-consumer delivery.

Retail Trade Employment

- The retail sector was decimated in 2020, declining by 13 percent and losing 6,000 jobs.
- Losses were concentrated at brick-and-mortar stores, but even online shopping companies downsized in 2020.
- Retail employment will rebound sharply in 2021 as storefronts open up to higher capacities, but automation and the transition to online shopping will lead to job consolidation at local brick-and-mortar establishments between 2022 and 2026.



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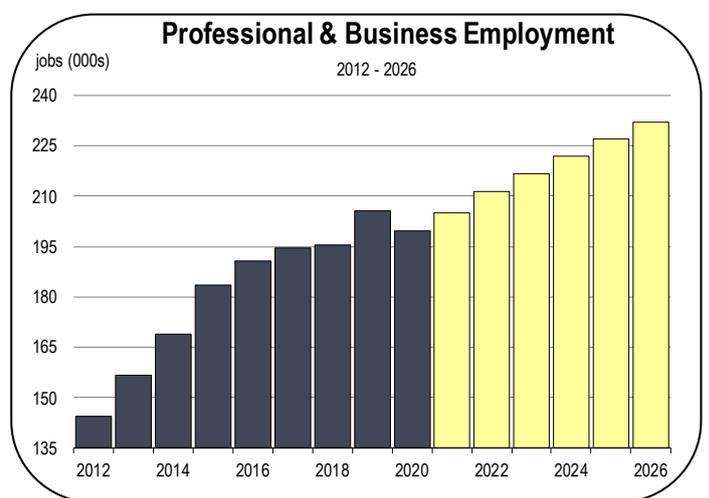
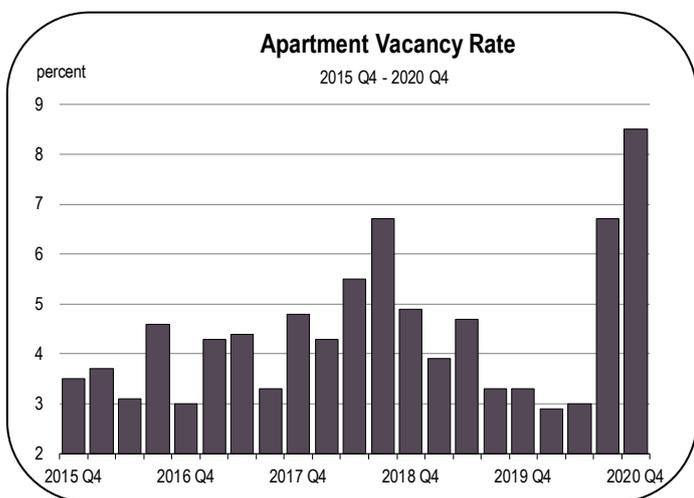
Financial Activities Employment

- Most subsectors of the financial activities industry continued to expand in 2020, except real estate.
- Vacancy rates for apartments and office buildings rose sharply in 2020, leading to layoffs at property management firms and commercial real estate brokerages.
- The region-wide apartment vacancy rate surpassed 8 percent by the end of the year, but for luxury apartments it exceeded 20 percent.
- Office vacancy rates began to increase exponentially in May 2020 when it became clear that the pandemic would not be a short term issue.
- Several major companies have moved to work-anywhere staffing strategies, vastly reducing their need for office space in San Francisco.

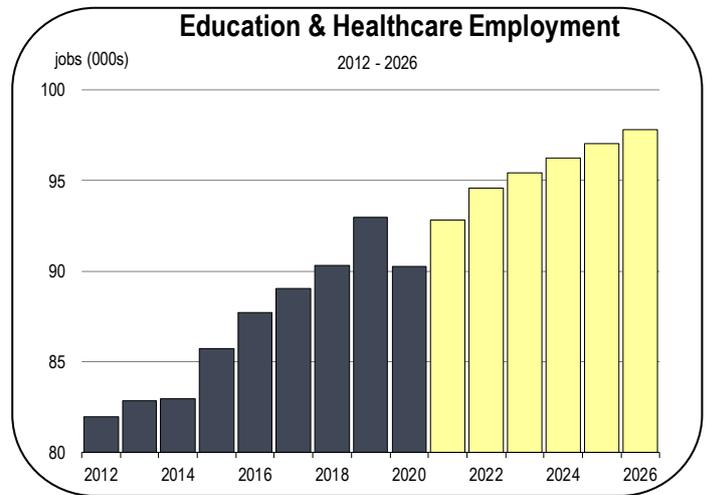
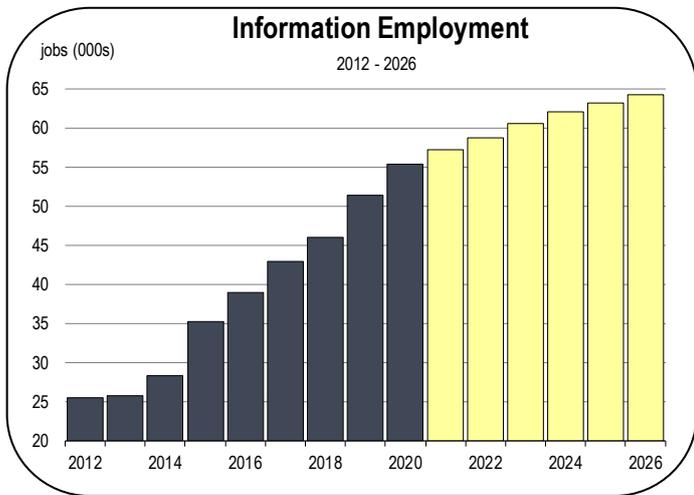
- Salesforce, the city's largest private employer, canceled a lease for 325,000 square feet of space in early 2021.
- Yelp plans to vacate 160,000 square feet of space in late 2021, indicating that the office market could continue to struggle, preventing rapid rehiring at real estate companies.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors and each was affected differently during the recession.
- The largest losses were in the corporate offices of major companies.
- Several sectors continued to create new jobs, including business and IT consulting.



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- Over the long term, business and IT consulting will generate a huge number of new jobs.
- In 2020, business and IT consulting firms employed 83,000 workers in San Francisco. By 2026, employment could exceed 100,000 jobs.

- By 2021, total information employment will be higher than any period on record, and employment will continue to expand quickly over the forecast horizon.

Information Employment

- In San Francisco County, the information sector is dominated by software publishers like Salesforce, as well as data and internet service companies like DropBox.
- Internet and software firms lost a small number of jobs in March and April of 2020, including 3,700 layoffs at Uber and 1,900 at AirBnB.

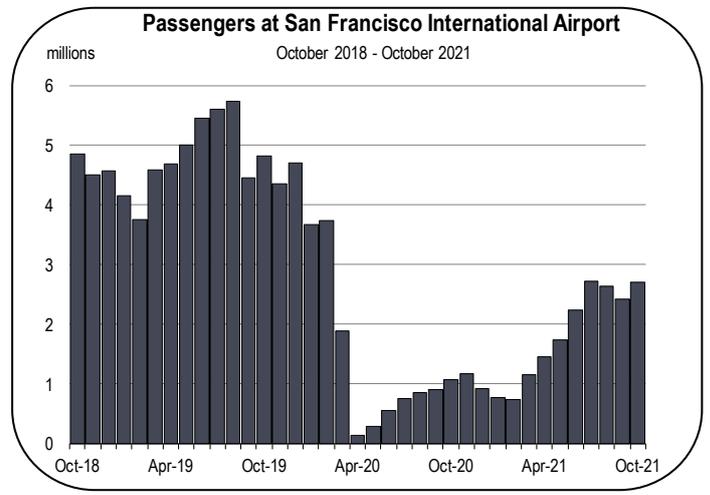
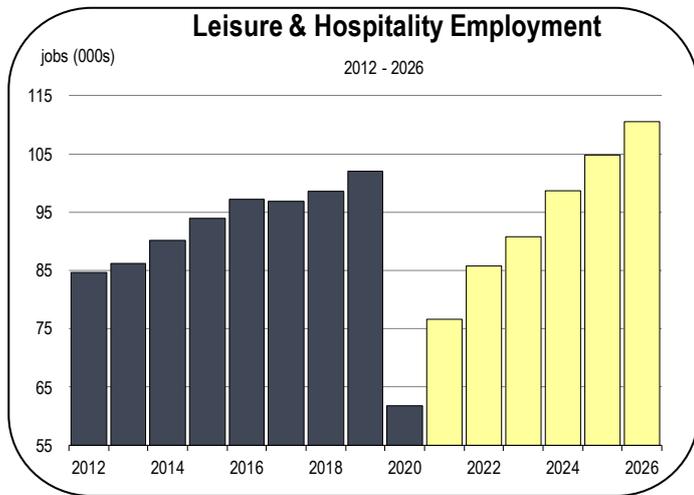
Private Education and Healthcare Employment

- The private healthcare and education industries were characterized by job losses that would have been large in most recessions, but were fairly moderate for the Coronavirus Recession.
- Employment at doctor and dentist offices contracted modestly. Private schools and tutoring centers declined sharply.
- Overall, the healthcare and education industry will recover 2,600 jobs in 2021 and gain another 1,800 jobs in 2022.



Salesforce is the largest private employer in San Francisco. The company is allowing half of all employees to work remotely and has vacated some office space in the city.

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Leisure and Hospitality Employment

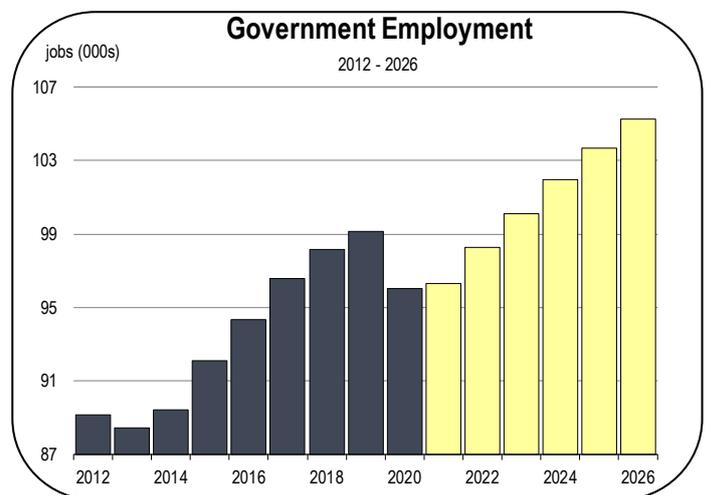
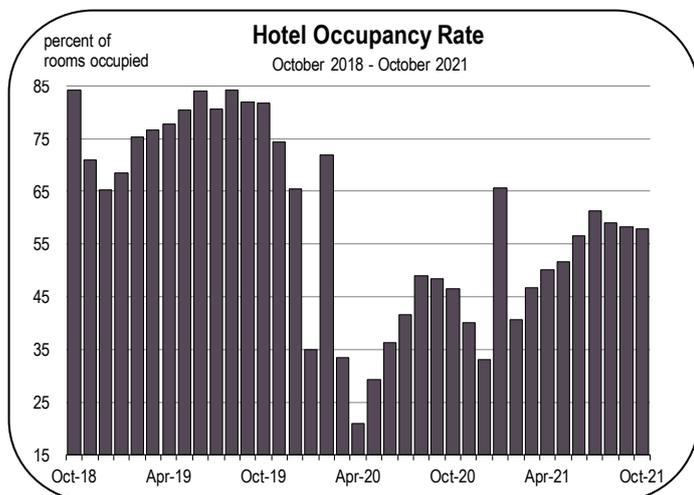
- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company.
- On an annual average basis, 21,000 jobs were lost at restaurants and bars, a decline of 32 percent.
- More than 5,000 jobs were lost at hotels and motels (26 percent) and more than 2,800 jobs were lost at gyms, fitness centers, performing arts centers, and professional sports teams (24 percent).
- Leisure and hospitality employment could rebound sharply in the second half of 2021.
- Visitor and business travel are critical to the leisure and hospitality industry. Passenger traffic through Oakland International Airport

and SFO is still anemic but is expected to rebound in the second half of 2021.

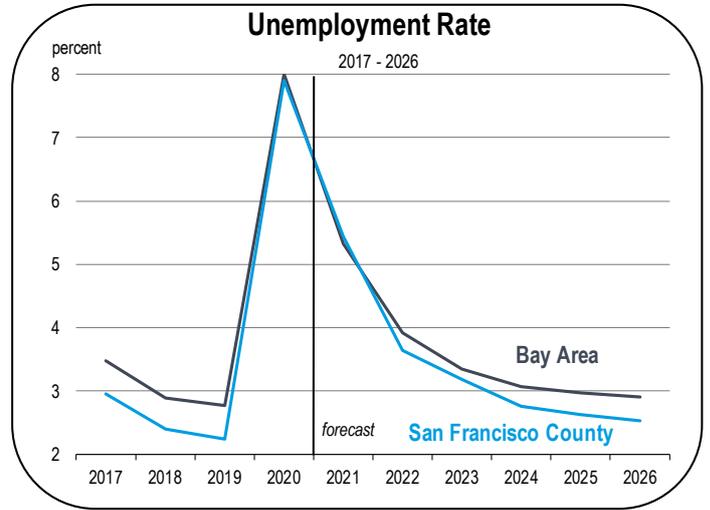
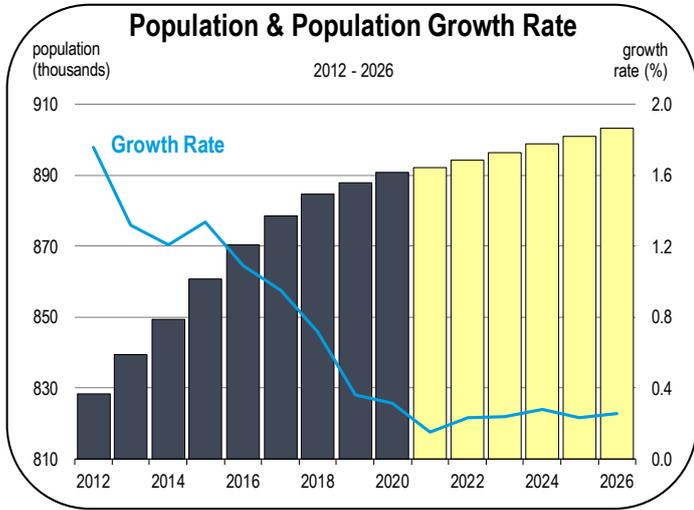
- The recovery of jobs at professional sports teams will be slower than the rest of the leisure sector because California still plans to implement restrictions on gatherings of more than 5,000 people for the foreseeable future.
- We expect the overall leisure and hospitality sector to regain 14,800 jobs in 2021 and another 9,100 jobs in 2022, but it could take several years for the industry to fully recover.

Government Employment

- State and local government agencies lost 3,500 jobs during 2020.
- Federal government agencies added 400 jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years. These Census jobs have already ended.



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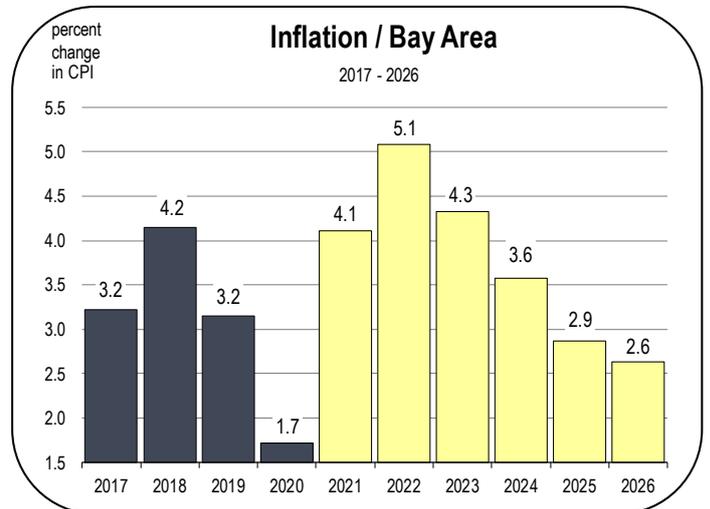
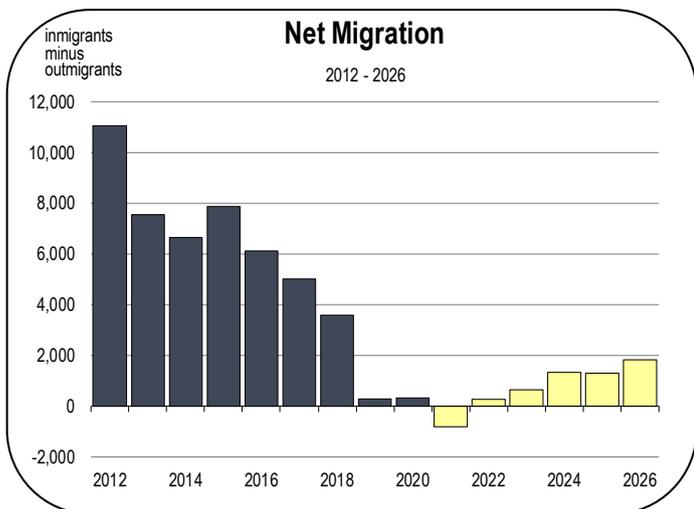
- Some state and local government positions will be restored in fiscal 2022 (beginning in July 2021) because city tax revenues will increase, the city will benefit immensely from the American Rescue Plan, and in-person schools finally recommence in the fall of 2021.

Population Growth

- The San Francisco County population is expected to grow slowly over the forecast period.
- Net migration was very low in 2020. The number of residents moving out of the county did not change much from previous years, but far fewer residents moved into the county.
- Due to high housing costs, net migration will remain very low between 2021 and 2026.
- The population will grow at an annual average rate of 0.2 percent, reaching 900,000 residents by 2026.

Unemployment and Inflation Rates

- The unemployment rate in San Francisco County averaged 7.9 percent in 2020, which was similar to the composite rate for the Bay Area.
- An unemployment rate below 4.0 percent signifies a fully employed workforce in San Francisco.
- The unemployment rate is expected to average 5.4 percent in 2021 and 3.6 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.

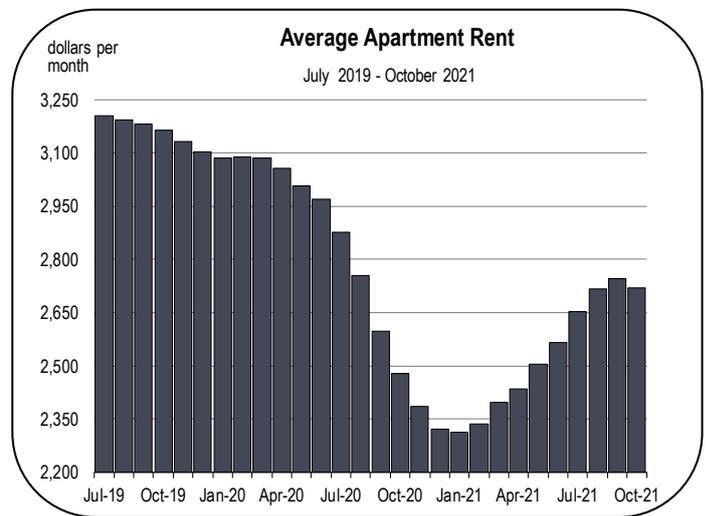
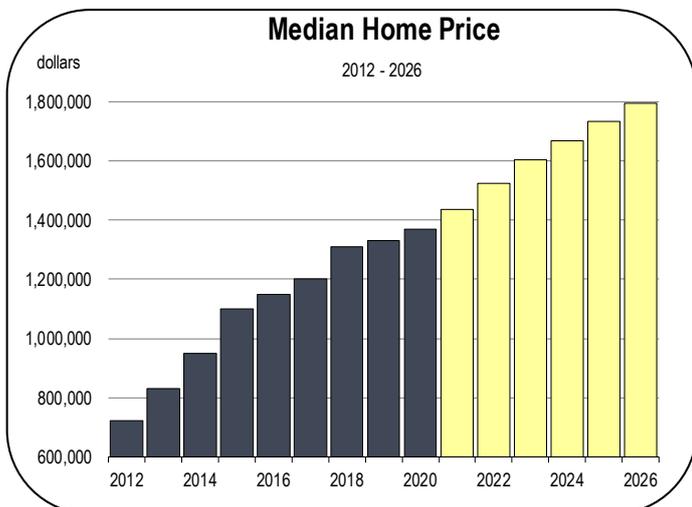


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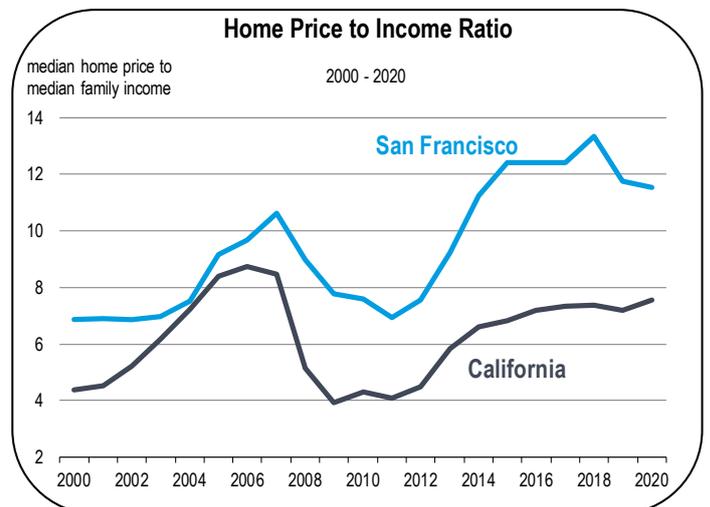
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

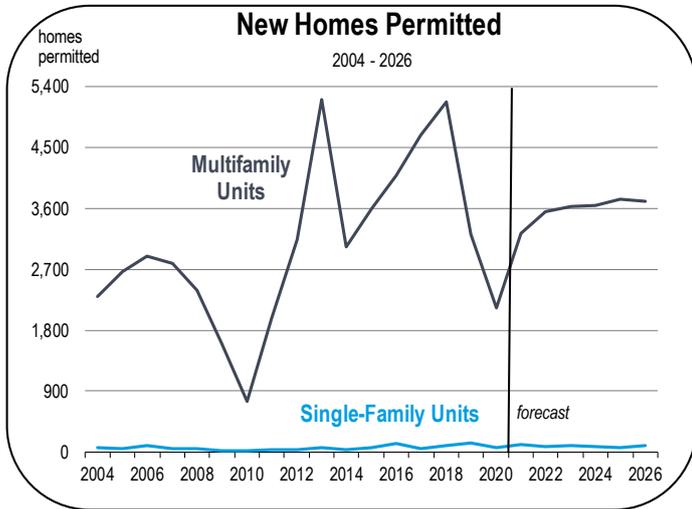
- In 2020 the median home price in San Francisco County was almost \$1.4 million.
- Home prices increased by only 2 percent in 2020, which is much slower than the 8-12 percent increases that were observed across most of California.
- Average apartment rents declined precipitously, falling from more than \$3,000 in early 2020 to just \$2,200 at the end of the year. They began to recover in 2021 but did not return to pre-pandemic levels.



- The housing affordability crisis is more acute in San Francisco than almost anywhere in the nation.
- The typical household would have to spend more than 50 percent of its pre-tax income to afford the median-priced home. Accumulating even a 10% down payment would mean saving \$140,000, which is out of reach for almost anyone outside of the technology, asset management, corporate law, corporate management, or biotech industries.
- From 2015 to 2020, an average of 3,900 new homes were started per year. Virtually all were apartments and condos.
- Housing production is forecast to average 3,700 homes per year from 2021 to 2026, consisting primarily of apartments and condos.
- Some of the key housing projects in the City are the Baylands, Candlestick Point, Hunter's Point, and Treasure Island.



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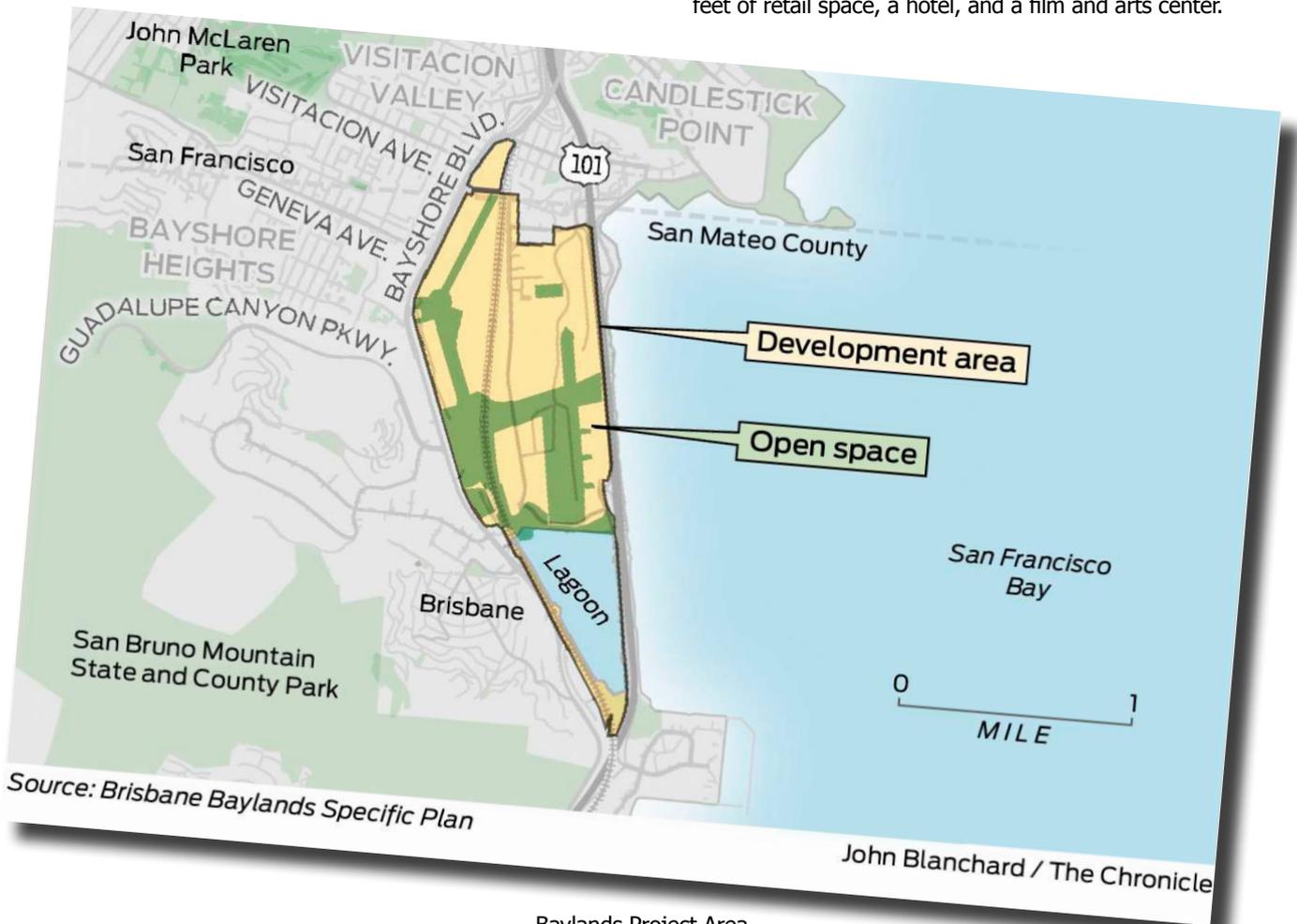


The Baylands

- The 600-acre Baylands project would create 3,800 homes, 7 million square feet of commercial space, and 140 acres of parks straddling San Francisco and San Mateo counties.
- The San Francisco side of the Baylands would hold 1,674 homes and a grocery store on land that was previously a Schlage Lock factory. The remaining 2,200 housing units and commercial space would be built on the Brisbane part of the property, a former landfill.
- Construction costs for the project are estimated at \$3 billion, with an estimated completion date of 2030.

Candlestick Point and Hunters Point

- The redevelopment of Candlestick Point, once home to the San Francisco Giants and 49ers, will include 7,218 homes along with 750,000 square feet of office and research space, 300,000 square feet of retail space, a hotel, and a film and arts center.



Baylands Project Area

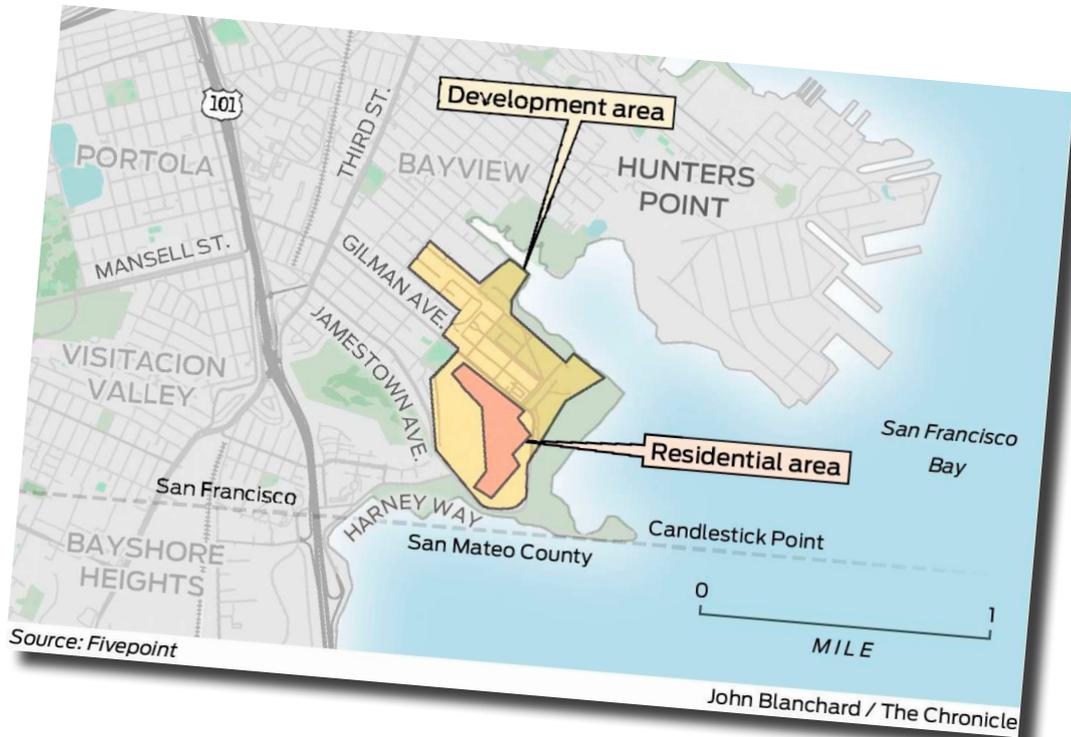
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- The Planning Commission has approved the first phase of the Candlestick Point project which includes 1,600 homes along with the office and retail space.
- Together with the adjacent Hunters Point Shipyard project, the integrated development project was designed for 12,000 residential units, 2.5 million square feet of commercial space, and nearly 1 million square feet of retail and entertainment space.
- The Shipyard project was stalled for years, but construction of new homes has recently commenced on Parcel A.
- Large portions of the retail components of these adjacent developments are being switched to office facilities. The combination of the two projects offers a massive live/work opportunity for South San Francisco and San Mateo Counties.

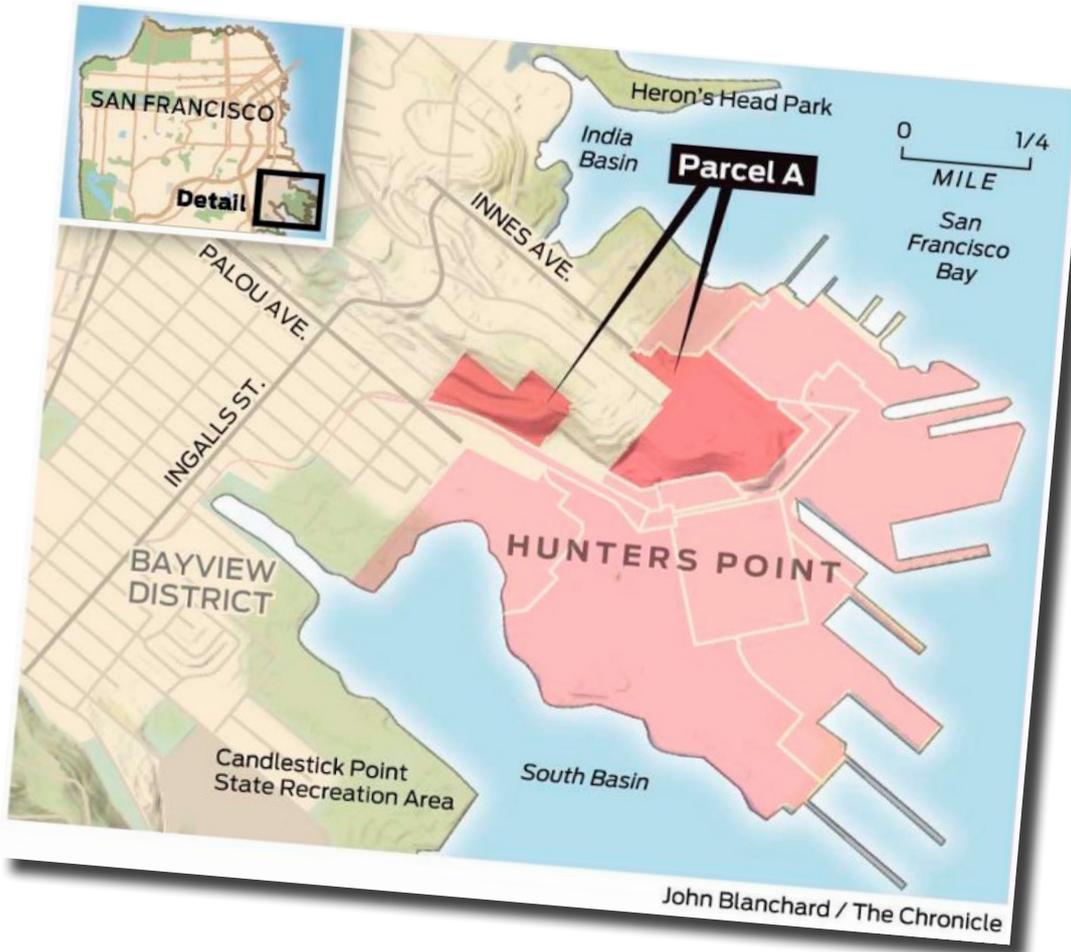


Candlestick Point and Hunters Point project areas

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Candlestick Point project area

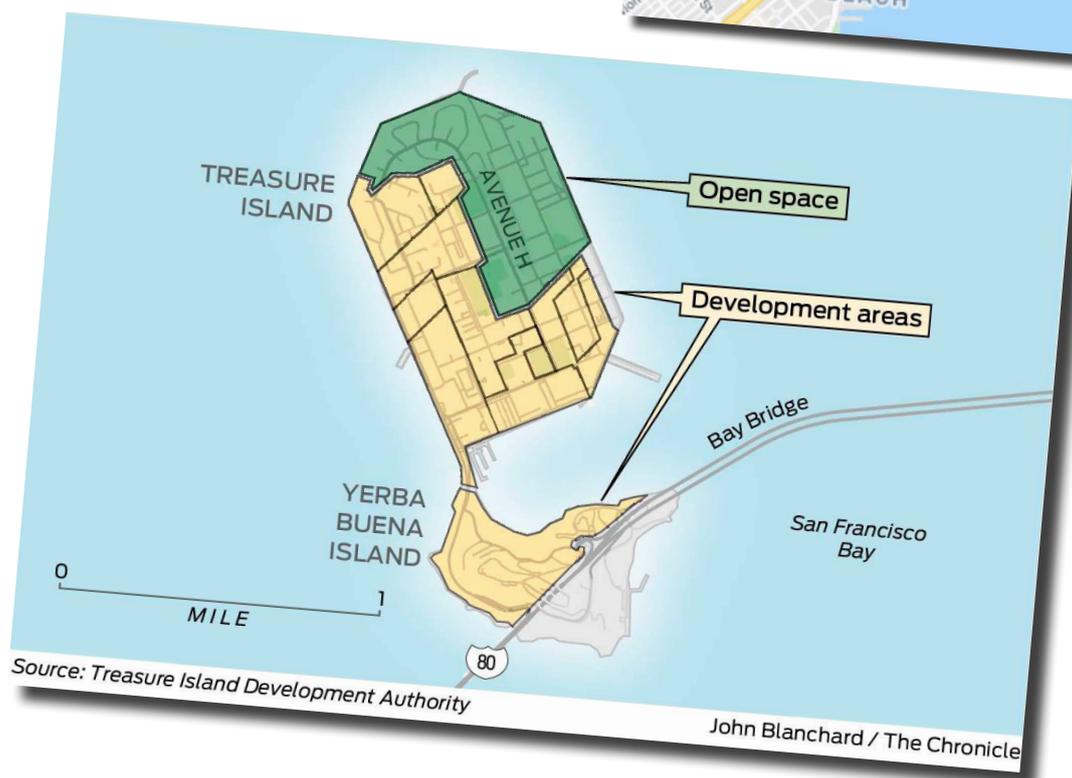
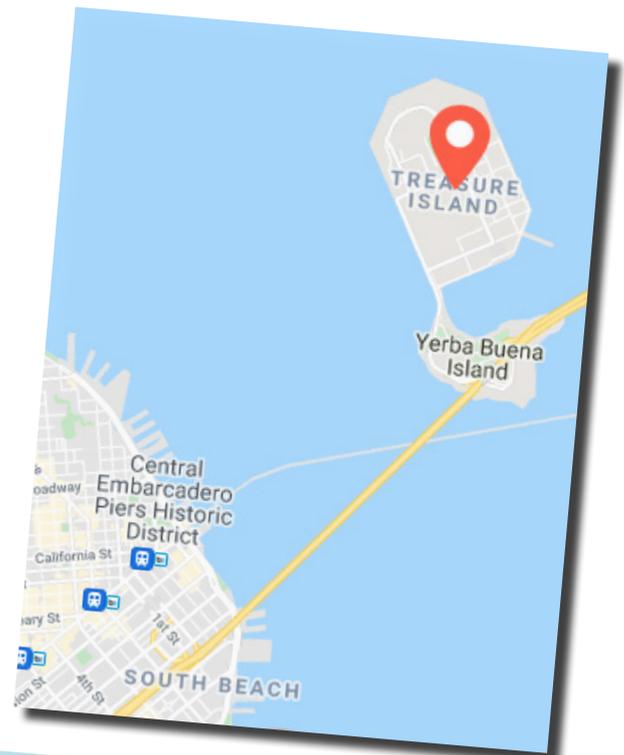


Hunters Point project area

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Treasure Island

- Total buildout on Treasure Island is now projected at 8,216 residential units. More than 20,000 residents could inhabit the island when fully complete in 20 years.
- Ferry commuter service will connect the island to the City in 10 minutes.
- Retail spaces, offices, restaurants, and 400 hotel rooms will accommodate residents and could draw travelers to the island.
- The first units—266 luxury townhomes—are underway on Yerba Buena Island.
- Sales began in 2021. Studios started at \$800,000 while three-bedroom condos were priced at \$3 million.
- Infrastructure development is underway on phase 2 of the project, which will include 1,664 homes on Treasure Island.



Treasure Island project area

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Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (%)	Real Farm Production (thousands)	Inflation Rate (%)
2015	860,821	354.2	7,865	3,670	494	\$93	\$12.7	\$18.9	\$5.0	\$125,877	3.7	\$346	2.6
2016	870,217	357.3	6,104	4,207	500	\$101	\$12.9	\$19.4	\$5.7	\$130,300	3.3	\$323	3.0
2017	878,477	362.2	5,015	4,736	497	\$108	\$13.1	\$19.5	\$10.0	\$133,876	3.0	\$326	3.2
2018	884,789	366.7	3,595	5,264	493	\$117	\$13.7	\$20.3	\$11.4	\$139,463	2.4	\$315	4.2
2019	887,977	369.0	293	3,343	492	\$123	\$13.9	\$21.0	\$16.9	\$140,779	2.2	\$305	3.2
2020	890,772	373.4	322	2,192	474	\$122	\$9.0	\$13.9	\$16.1	\$136,495	7.9	\$301	1.7
2021	892,125	373.9	-811	3,342	493	\$129	\$14.2	\$20.4	\$16.5	\$139,913	5.4	\$345	4.1
2022	894,214	375.9	270	3,640	496	\$135	\$14.6	\$21.9	\$17.0	\$142,457	3.6	\$381	5.1
2023	896,343	378.0	647	3,727	499	\$145	\$15.1	\$22.8	\$18.2	\$147,822	3.2	\$408	4.3
2024	898,828	380.2	1,334	3,725	502	\$155	\$15.5	\$23.5	\$19.1	\$153,734	2.8	\$430	3.6
2025	900,927	382.4	1,300	3,808	505	\$165	\$15.9	\$24.1	\$19.9	\$158,858	2.6	\$445	2.9
2026	903,227	384.6	1,828	3,804	509	\$175	\$16.3	\$24.7	\$20.6	\$163,573	2.5	\$457	2.6
2027	905,515	386.9	2,164	3,776	512	\$186	\$16.7	\$25.3	\$21.1	\$168,785	2.5	\$465	2.4
2028	907,586	389.1	2,278	3,592	516	\$198	\$17.1	\$25.9	\$21.7	\$174,411	2.5	\$472	2.5
2029	909,115	391.2	2,030	3,471	519	\$207	\$17.6	\$26.7	\$22.1	\$178,035	2.6	\$476	2.4
2030	909,907	393.2	1,611	3,343	522	\$218	\$18.1	\$27.4	\$22.4	\$181,807	2.7	\$479	2.4
2031	909,890	395.2	1,293	3,275	525	\$228	\$18.6	\$28.1	\$22.7	\$185,556	2.7	\$481	2.5
2032	909,243	397.1	1,100	3,193	528	\$237	\$19.1	\$28.9	\$22.8	\$188,320	2.7	\$483	2.4
2033	908,092	399.0	915	2,976	529	\$248	\$19.6	\$29.6	\$23.1	\$192,672	2.8	\$484	2.2
2034	906,590	400.7	839	2,783	530	\$259	\$20.1	\$30.4	\$23.5	\$196,682	2.8	\$485	2.3
2035	904,769	402.4	715	2,627	530	\$270	\$20.6	\$31.2	\$23.9	\$200,661	2.8	\$486	2.3
2036	902,699	403.9	640	2,428	530	\$281	\$21.3	\$32.2	\$24.1	\$203,450	2.8	\$486	2.3
2037	900,448	405.4	577	2,402	530	\$293	\$22.0	\$33.2	\$24.4	\$206,188	2.8	\$487	2.4
2038	898,008	406.8	518	2,300	530	\$305	\$22.6	\$34.2	\$24.7	\$209,671	2.8	\$487	2.3
2039	895,438	408.1	458	2,151	529	\$318	\$23.3	\$35.2	\$24.9	\$212,666	2.8	\$487	2.3
2040	892,628	409.4	412	2,038	529	\$330	\$24.0	\$36.3	\$25.1	\$215,732	2.8	\$487	2.2
2041	889,584	410.6	346	2,030	528	\$344	\$24.6	\$37.2	\$25.4	\$219,779	2.8	\$487	2.3
2042	886,452	411.8	326	1,992	527	\$357	\$25.3	\$38.1	\$25.7	\$224,017	2.8	\$487	2.2
2043	883,243	413.0	281	1,973	526	\$371	\$25.9	\$39.0	\$26.1	\$228,298	2.8	\$487	2.1
2044	879,960	414.1	236	1,955	525	\$385	\$26.5	\$39.9	\$26.4	\$232,939	2.8	\$487	2.2
2045	876,621	415.3	236	1,868	522	\$399	\$27.1	\$40.8	\$26.7	\$237,105	2.8	\$487	2.3
2046	873,233	416.4	195	1,880	520	\$412	\$27.7	\$41.8	\$26.9	\$240,660	2.8	\$487	2.3
2047	869,756	417.5	124	1,870	518	\$425	\$28.4	\$42.8	\$27.0	\$243,311	2.9	\$487	2.3
2048	866,229	418.6	91	1,866	517	\$439	\$29.2	\$43.9	\$27.1	\$245,651	2.9	\$487	2.4
2049	862,597	419.7	54	1,853	514	\$452	\$29.9	\$45.0	\$27.2	\$248,913	2.9	\$487	2.1
2050	858,854	420.8	19	1,846	512	\$466	\$30.6	\$46.1	\$27.3	\$251,950	2.9	\$487	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	----- (thousands of jobs) -----											
2015	675.3	0.2	18.6	10.8	13.9	61.7	53.6	183.4	35.2	85.7	93.9	92.1
2016	703.7	0.1	20.4	12.2	16.2	62.6	56.1	190.6	39.0	87.7	97.3	94.3
2017	719.6	0.2	21.1	13.2	18.8	62.3	56.3	194.7	43.0	89.0	96.9	96.6
2018	735.3	0.2	23.2	13.2	21.6	61.0	59.9	195.4	46.1	90.3	98.5	98.2
2019	763.1	0.2	23.8	13.7	24.0	59.8	62.3	205.6	51.5	93.0	102.0	99.1
2020	694.1	0.2	22.8	12.7	21.0	51.8	60.2	199.7	55.4	90.2	61.8	96.0
2021	729.4	0.2	22.5	13.4	21.7	58.1	60.6	205.0	57.2	92.8	76.6	96.3
2022	754.5	0.2	23.3	14.2	22.4	58.1	60.9	211.4	58.8	94.6	85.7	98.3
2023	772.9	0.2	23.9	14.6	23.6	58.0	61.2	216.7	60.6	95.4	90.8	100.1
2024	792.3	0.2	23.8	14.9	24.3	58.1	61.5	221.9	62.1	96.2	98.6	102.0
2025	809.5	0.2	23.9	15.2	25.1	58.1	61.8	227.0	63.2	97.0	104.8	103.7
2026	825.2	0.2	23.7	15.4	25.6	58.2	62.1	232.0	64.3	97.8	110.5	105.3
2027	840.4	0.2	23.8	15.6	25.5	58.2	62.3	237.0	65.5	98.5	116.0	106.7
2028	854.9	0.2	23.5	15.8	25.6	58.3	62.6	241.8	67.0	99.3	121.1	108.1
2029	868.4	0.2	23.3	16.0	25.6	58.4	62.9	246.5	67.9	100.0	125.8	109.2
2030	881.0	0.2	23.1	16.2	25.5	58.6	63.1	251.2	69.1	100.7	130.1	110.2
2031	892.2	0.2	22.9	16.3	25.5	58.7	63.4	255.8	70.0	101.3	133.3	111.2
2032	902.4	0.2	22.6	16.4	25.4	58.7	63.7	260.3	70.9	102.0	136.0	112.0
2033	911.4	0.2	22.1	16.5	25.3	58.8	63.9	264.7	71.7	102.6	137.9	112.8
2034	920.3	0.2	21.8	16.5	25.4	59.0	64.1	269.0	72.6	103.2	139.6	113.5
2035	928.5	0.2	21.5	16.5	25.5	59.0	64.4	273.3	73.3	103.8	140.9	114.1
2036	936.4	0.2	21.0	16.6	25.7	59.1	64.6	277.5	74.1	104.3	142.1	114.7
2037	944.0	0.2	20.7	16.6	25.8	59.2	64.8	281.6	74.8	104.9	143.2	115.2
2038	951.5	0.2	20.5	16.7	25.9	59.3	65.1	285.7	75.5	105.4	144.3	115.7
2039	958.8	0.2	20.2	16.6	25.9	59.4	65.3	289.7	76.1	106.0	145.4	116.2
2040	965.9	0.2	20.1	16.6	26.0	59.4	65.5	293.6	76.7	106.5	146.5	116.6
2041	972.7	0.2	19.9	16.6	26.1	59.5	65.7	297.5	77.3	106.9	147.6	116.9
2042	979.8	0.2	20.0	16.7	26.2	59.5	65.9	301.3	77.8	107.4	148.6	117.3
2043	986.7	0.2	20.0	16.8	26.2	59.5	66.2	305.1	78.3	107.9	149.8	117.6
2044	993.4	0.2	20.0	16.8	26.2	59.5	66.4	308.8	78.7	108.3	151.1	117.8
2045	999.9	0.2	19.9	16.8	26.3	59.5	66.6	312.4	79.3	108.8	152.2	118.1
2046	1006.2	0.2	19.8	16.8	26.3	59.5	66.8	316.0	79.8	109.2	153.3	118.3
2047	1012.3	0.2	19.8	16.8	26.3	59.5	67.0	319.6	80.3	109.6	154.3	118.5
2048	1018.3	0.2	19.8	16.9	26.3	59.5	67.2	323.0	80.7	110.0	155.3	118.7
2049	1024.1	0.2	19.9	16.8	26.3	59.5	67.4	326.5	81.1	110.4	156.2	118.9
2050	1029.7	0.2	19.9	16.8	26.3	59.5	67.6	329.9	81.5	110.7	157.0	119.0

San Francisco County Economic Forecast

Socioeconomic Indicators

